

AMENDED IN ASSEMBLY MAY 2, 2006

AMENDED IN ASSEMBLY APRIL 20, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 2400

Introduced by Assembly Member Benoit

February 23, 2006

An act to amend Sections 717, 922.1, 922.2, 922.3, 922.4, 922.5, 922.6, 922.7, and 1011 of, and to repeal Section 922.8 of, the Insurance Code, relating to reinsurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2400, as amended, Benoit. Reinsurance.

Existing law provides that a ceding insurer is allowed credit for reinsurance as either an asset or a deduction from liability under specified conditions if the reinsurance contract contains certain provisions.

~~This bill would make several changes in the law of reinsurance. It would set forth a declaration of intent promoting consistent regulation of reinsurance throughout the country and amending several provisions of existing law to conform it with the National Association of Insurance Commissioner's Credit for Reinsurance Model Law.~~

~~The bill would further define when a reinsurance agreement is "materially deficient" for the purpose of evaluating an insurer's application for a certificate of authority. It would revise requirements for the reinsurance contract, and would prohibit the Insurance Commissioner from requiring specific provisions. It would revise the qualification requirements for reinsurers, including required trust provisions. It would repeal provisions that specifically authorize the~~

~~commissioner to impose related requirements. It would clarify the commissioner's authority to regulate assumption reinsurance transactions.~~

This bill would declare the intent of the Legislature to promote consistent regulation of reinsurance throughout the country in accordance with the National Association of Insurance Commissioners' Credit for Reinsurance Model.

Vote: majority. Appropriation: no. Fiscal committee: ~~yes~~-no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. The Legislature declares its intent to promote*
2 *consistent regulation of reinsurance throughout the country in*
3 *accordance with the National Association of Insurance*
4 *Commissioners' Credit for Reinsurance Model.*

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7 **All matter omitted in this version of the bill**
8 **appears in the bill as amended in the**
9 **Assembly, April 20, 2006 (JR11)**
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